

Model Revolving Loan Fund (RLF) Programs Spring 2023 Webinar Series

February 15th, 2023

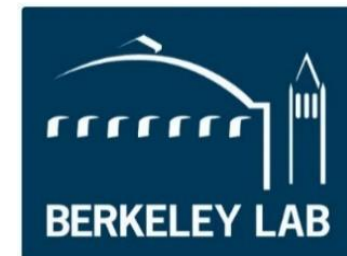
Michigan Department of Environment, Great Lakes, and Energy

Michigan Saves



SCEP

STATE & COMMUNITY ENERGY PROGRAMS



Agenda

1. Housekeeping, Updates, and Reminders

2. Featured Presentation

- **Michigan's Department of Environment, Great Lakes and Energy**
- **Michigan Saves**

3. Facilitated Q&A with Berkeley Lab

Housekeeping, Upcoming Webinars, and RLF Program Reminders

Introducing New RLF Team Member: Alice Dasek

Upcoming Webinars in Model RLF Program Webinar Series

- **March 1 from 3-4p ET** (Part 2) – Texas' LoanSTAR Revolving Loan Program
- **March 15** (Part 3) – California's Advanced Rebate Program with the Golden State Finance Authority

Registration required for webinars; Registration links and additional info to be provided ~2 weeks prior.

Reminder: Application Deadline

- Final applications due **April 21, 2023**

Questions?

- Contact your SEP Project Officer or EERevolvingLoanFund@ee.doe.gov

Department of Energy Webinar Series

Revolving Loan Funds for the Residential Sector

Mary Templeton

February 15, 2023

MichiganSaves.org



Michigan Saves®

The Nation's First Nonprofit Green Bank



Transforming Michigan's Energy Landscape

Michigan Saves is the nation's first nonprofit green bank dedicated to accessible, equitable, and just investments in energy efficiency and clean energy improvements

Our Impact

From September 2010 through December 2022, Michigan Saves has supported:

450

million dollars

Financed in energy improvements

3.1

million metric tons

Reduced carbon emissions

9,175

full-time jobs

Supported through Michigan Saves



Funding Sources

- Michigan Public Service Commission
 - Initial funding source
- State Energy Office
 - American Reinvestment and Recovery Act (ARRA)
 - State Energy Programs (SEP)
- State of Michigan appropriation



Credit Enhancement Structure: Loan Loss Reserve

- Each lender has a loss reserve pool equal to 4 percent of the outstanding loan balance
- In a default, a lender receives 75 percent of the loan balance, depending on customer FICO score
- This structure incentivizes lenders to close loans each month to build their loss reserve
- Lenders can claim losses if they receive no customer payments for 90 days

Benefits

- Yields better rates and terms that match the needs of clean energy market
- Allows more expansive underwriting
- Strong leverage ratio: \$30 of private investment for each public dollar

Lending Partners

- Residential
 - Credit unions
- Commercial
 - Financial services company
 - Certified B Corp
 - 501(c)(3) lender
 - Minority-owned lender
 - Credit union



Residential Loan Offering

Unsecured loans for all types of energy efficiency and clean energy improvements

- **Loan type:** Unsecured, personal loan
 - No collateral required; no lien on home
- **Loan amount:** \$1,000 to \$100,000
- **Loan term:** Up to 25 years
- **Interest rates:** Fixed rates, 5.25% to 10.25% APR
 - Interest rates vary by lender and borrower credit scores
- **Single-family rental homes:** Eligible
- **Loan Capital, origination and servicing:** Credit union partners

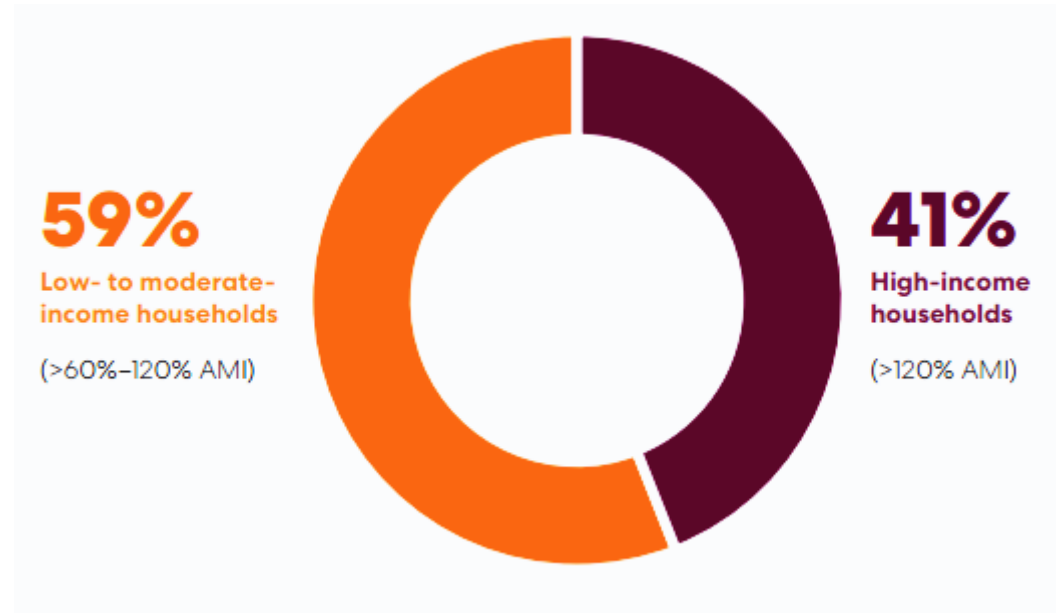


“It’s great for our daughter to grow up in a house where we’re using renewable energy as a primary source and showing her that it’s normal and good.”

DRURY FAMILY

Unsecured Loans: Accessible in Low- to Moderate-income Communities

- More than half of Michigan Saves residential financing flows toward households with the highest energy burdens



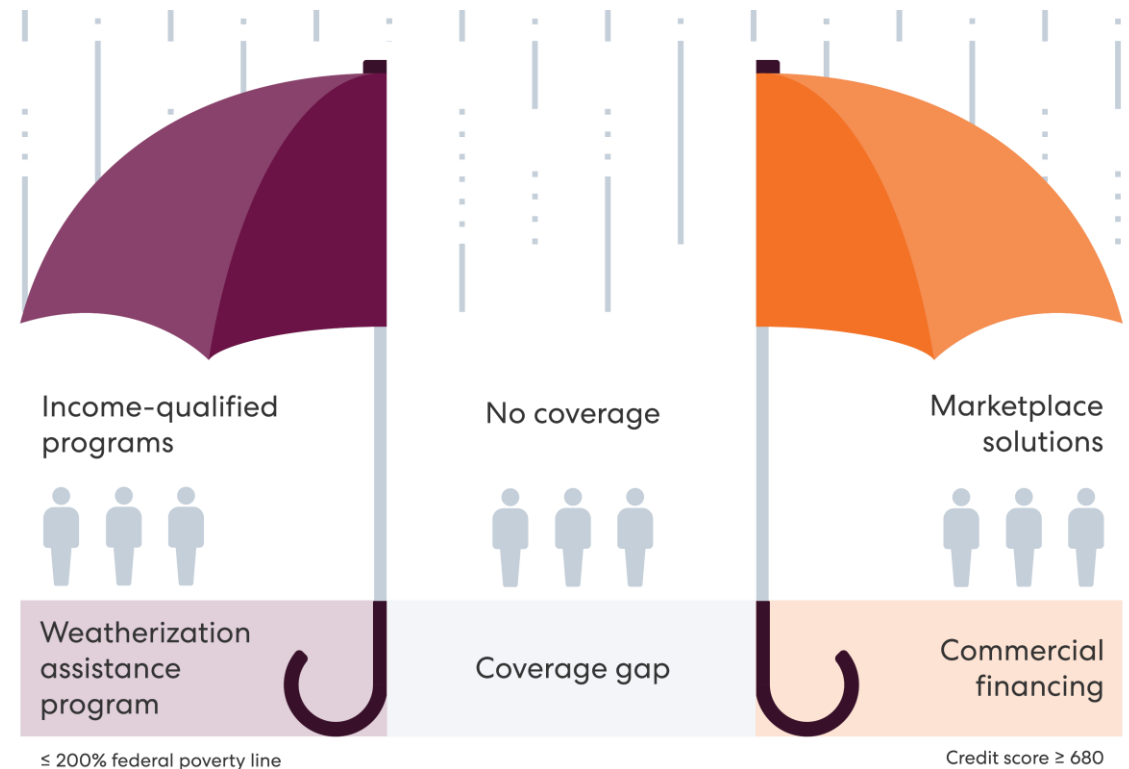
Less than 2 percent paid out in defaults

Leverages at least \$30 of private investment for each dollar of public investment

Market Gaps Remain

Michigan Saves is working to ensure equitable access to energy efficiency and renewable energy improvement for all residents—no exceptions

Michigan's low- to moderate-income (LMI) households spend 9 percent more on their energy costs than the average household. More than 1.4 million residents—or 37 percent—fall under this LMI designation.



Residential Loan Approval Rates

	Wayne County (excluding Detroit)	City of Detroit
Loan applications	2,980	1,035
Denied loan applications	917	623
Percent denied	31%	60%

Michigan Saves residential loans, October 2020-September 2021

Loan Programs: Alternative Underwriting

	On-bill Programs	Special Financing Program
Loan Type	Filed with county	Unsecured
Underwriting	12 months on-time bill payment	Ability to pay
Loan Capital	Traverse City: U.S. Department of Agriculture City of Holland: Utility Reserves	Kresge Foundation loan to Michigan Saves
Interest Rate	Traverse City 3.00% APR City of Holland: 4.99-5.99% APR	7.00 % APR
Term	Traverse City: Up to 10 years City of Holland: Up to 15 years	Up to 10 years

Testimonial

"I appreciate all that your program has done for me and my family members that participated. I couldn't thank you enough, I pray that this program continues for many years to come and you continue to bless those in need."

-Nickita Parker



Thank you

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